

KNOW

EMBRACE

STRENGTHEN

TEACH

LEARN

SEE

BELIEVE

imagine the

UNDERSTAND

ACCEPT

CREATE

COMMUNICATE

EMBRACE

FEEL

DEVELOP

VISUALIZE

PROMOTE

PROTECT

INSPIRE

ENHANCE

BUILD

BE

ELEVATE

Possibilities



REPORT TO THE PUBLIC FOR THE
FISCAL YEAR ENDED JUNE 30, 2014

New Games, Big Winners Highlight Record

It's been nearly 30 years since California voters overwhelmingly approved the creation of the California Lottery, and each year the Lottery continues to grow and do more to further its mission of supporting California's public schools with supplemental funding. This past fiscal year was another record-setting year in terms of total Lottery sales, and one of the best ever for total funding sent to schools.

For Fiscal Year 2013-14, Lottery sales eclipsed \$5 billion for the first time in our history, which represents a 13 percent increase from last fiscal year's total of \$4.4 billion. In total, the Lottery sent an additional \$65 million more to schools this year than last year – \$1.35 billion in total. This makes it the 14th consecutive year the Lottery was able to provide more than one billion dollars to California's K-12 schools, Community Colleges, California State University and University of California campuses and several specialized public schools. And while this increase in school funding doesn't sound like a lot, it's money schools depend on. The Lottery was able to do more in the past year thanks to a sales increase fueled by strong Scratchers®, *Mega Millions*® and *Powerball*® sales. Scratchers sales, which always make up the majority of total Lottery sales, saw an increase thanks to the introduction of the Lottery's first-ever \$20 Scratchers game. The *Mega Millions* and *Powerball* games were boosted by an extraordinary amount of large jackpots – two of which culminated in wins of \$425 million and \$324 million by California players.

The California Lottery remains one of the fastest-growing lotteries in the United States, and because of our big year, we actually moved up one spot to become the third largest in the country. A number of factors contribute to that lofty status, and some of those factors will ensure that the Lottery remains at the top for years to come.

First of all, our Lottery Commission continues to set prize payouts at a level that maximizes education contributions. As a result, we're making more winners every day. As we've always seen, when people win money, they tell their friends and continue to purchase Lottery products. And when more Lottery products are purchased, more money is generated for schools in California. So everybody wins!

At the California Lottery, we pride ourselves on always striving to offer our players the newest, most innovative games. So, rather than continuing to offer the same products year after year, our team continues to examine the experience and best practices of other jurisdictions to see what can work for our customers. This is why in the last fiscal year we launched the first-ever \$20 Scratchers ticket, which offered players an instant \$5 million top prize.

With increased sales and new, higher prize payout games on the market, there were more big winners than ever before this past year. Mr. B. Raymond Buxton won the largest prize in California Lottery history – \$425 million playing *Powerball*.

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California Lottery



-Breaking Year *for the California Lottery*



Steve Tran walked into a retail location in San Jose and purchased a *Mega Millions* ticket that turned out to be worth \$324 million! And, scores of other Californians became millionaires thanks to new games with higher prize payouts. In short, people were winning big every day.

It wasn't just our players and California schools that came up big winners in FY 2013-14, even though we did create 89 new millionaires and pay out more than \$3 billion in prizes to our loyal customers. Our retailers – many of them small businesses in our state – received more than \$345 million in commissions and bonuses for selling our products. For instance, when Mr. Buxton won the \$425 million jackpot, the Chevron station in the Bay Area where he bought his ticket received a \$1 million bonus just for selling the big winner! And Jennifer's Gift Shop, which is located in San Jose, also received \$1 million when Mr. Tran won \$324 million.

Lastly, while sales and profits are a good indicator of success, it is recognized that the California Lottery has a responsibility beyond selling products. The Lottery's Corporate Social Responsibility (CSR) Program continues to grow stronger year after year. We launched a brand new website devoted entirely to our CSR efforts. There, players can learn about our integrity and transparency efforts, the ways we protect our players from scams, and our efforts to promote responsible gaming. The Lottery remains one of only two state lotteries to achieve a Level Three Certification for Responsible Gaming from the

World Lottery Association, and a good portion of this fiscal year was spent working toward a Level Four Certification, which would make California the only lottery in the United States to have that distinction.

In short, it was a great year for the California Lottery. Each year that passes, we continue to raise the bar much higher. I know that we've got a team in place that will help us continue to keep growing to new heights in the current fiscal year. It's going to take a lot of effort, but we're in the midst of a three-year strategic plan that continues to serve as a road map for future plans and keeps us on the cutting edge of the industry. All this has been carefully thought out because we want to be the most successful, responsible lottery in the nation. We are a lottery that is single-minded in its focus to maximize supplemental dollars for schools and our children, while simultaneously protecting our players' interests and the integrity of our games. It's a tall order, but with the great team we have working all across the state, there's no telling what we'll be able to achieve.

Thank you for your continued support. The rest of this report highlights our achievements. We hope you understand why we are proud of our work this past year.

PAULA D. LABRIE | Acting Director

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Our Mission

FY 2013-14 Total Sales: **\$5 BILLION**

\$5,034,661,424

SCRATCHERS[®]
\$3 BILLION

\$3,288,922,307

**MEGA
MILLIONS**

\$427 MILLION

\$427,573,171

POWERBALL

\$473 MILLION

\$473,213,720

**SuperLotto
PLUS**

\$329 MILLION

\$329,875,094

Fantasy5

\$143 MILLION

\$143,898,409

Daily 3[®]

\$135 MILLION

\$135,597,466

Daily Derby

\$19 MILLION

\$19,334,630

Hot Spot

\$188 MILLION

\$188,390,807

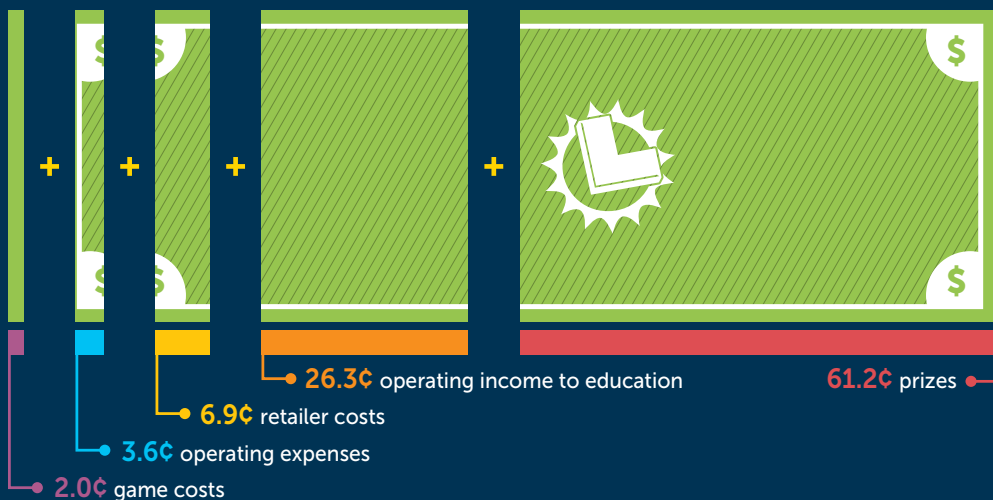
Daily 4[®]

\$27 MILLION

\$27,855,820

How your Lottery Dollar is Spent

For complete financials,
please visit: www.calottery.com



\$3,082,376,405

total prize expenses

\$1,297,779,034

operating income
to education

\$345,513,054

retailer compensation

\$180,092,492

operating expenses

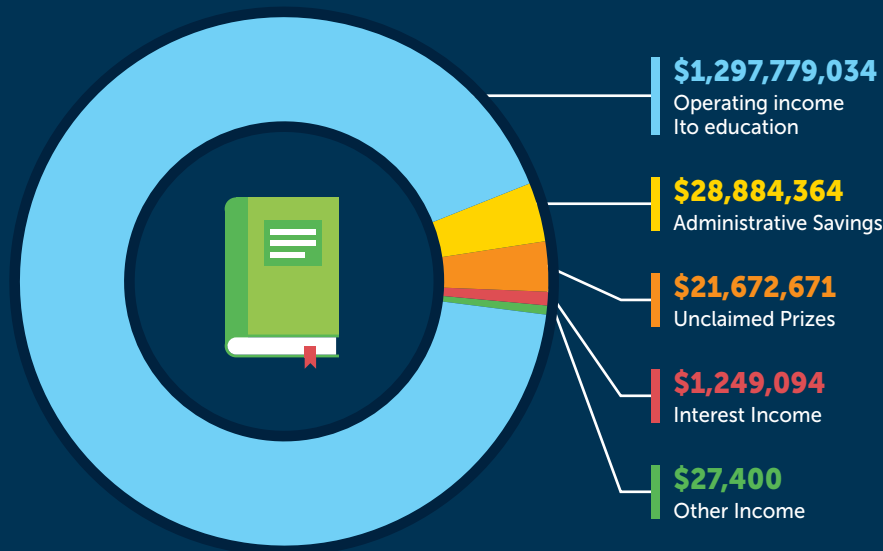
\$100,027,575

direct costs

Total to Education:

\$1.35 BILLION

\$1,349,601,063



What Educators Say

Here are just a couple of examples of the great things that California educators have said about their Lottery enhancement dollars.

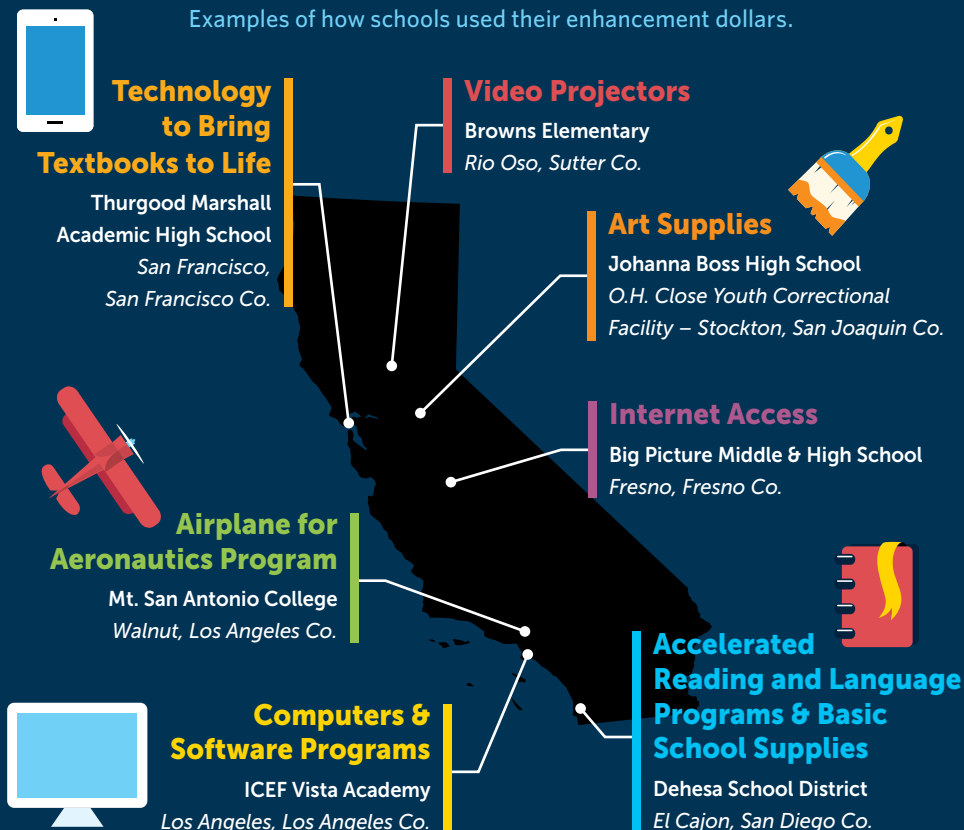


"I think it's amazing that the Lottery is such a small percentage, yet the impact that the funds have is so great."

ZACK LARSEN, PRINCIPAL
Mission San Jose High School
Fremont, Alameda County

Lottery Funds at Work

Examples of how schools used their enhancement dollars.



"If we put our minds to it and we collaborate as a community then all things are possible."

RYAN GOMEZ, PRINCIPAL
ICEF Vista Academy
Los Angeles, Los Angeles County



"...every dollar becomes more important in terms of materials, or teachers or extra programs. It all works together."

KATHY SCHAEFFER, PRINCIPAL
Hawthorne School, Beverly Hills, Los Angeles County



Record Jackpots

AND HIGHER PAYOUTS HIGHLIGHT FY 2013-14

When the *Mega Millions*® jackpot soared to a near-record \$648 million on December 17, 2013, journalists from around the country poured into Northern California to report on the excitement that for weeks had whipped the Golden State into a lottery fever frenzy. Steve Tran, who purchased a \$1 ticket at a gift store in San Jose, ended up taking home \$324 million after splitting the nearly three quarter of a billion dollar jackpot with another winner in Georgia. (The very next day, a Southern California man won the \$50 million *SuperLotto Plus*® jackpot!)

Little did anyone know only two months later, the national spotlight would be right back on California! This time, the *Powerball*® jackpot had ballooned to an incredible \$425.3 million, and the lines were once again out the doors at many of the state's 21,000+ retailers. On February 19, 2014, the Bay Area struck it rich again after a \$2 ticket B. Raymond Buxton bought at a gas station in Milpitas (Santa Clara County) matched all six winning numbers. That ticket turned out to be the largest individual jackpot ever won in California!

Those were just two major highlights of what turned out to be an incredible record-breaking year of huge jackpot giveaways in the state. In fact, during FY 2013-14, California Lottery players won 12 jackpots [(7) *SuperLotto Plus*, (2) *Mega Millions* and (3) *Powerball*)] totaling \$703.5 million in lump sum payouts! That's \$409.4 million more (139% higher) than what the Lottery gave away in FY 2012-13. All that wonderful prize payout thanks in part to three *Powerball* jackpots – including the first ever *Powerball* jackpot won in California on October 23, 2013. One lucky player bought his winning ticket in Fresno and took home \$213.4 million! (California joined *Powerball* on April 8, 2013).

To give you an idea of just how big the jackpots were for FY 2013-14, the \$425.3 million *Powerball* jackpot from February 19, 2014 was almost four times the amount of the largest jackpot from all of FY 2012-13!

Journalists from around the country poured into Northern California to report on the excitement when the ***Mega Millions*** jackpot soared to a near-record **\$648 million** on December 17, 2013.



Winner PROFILES

"Luck of the Jedi I have."

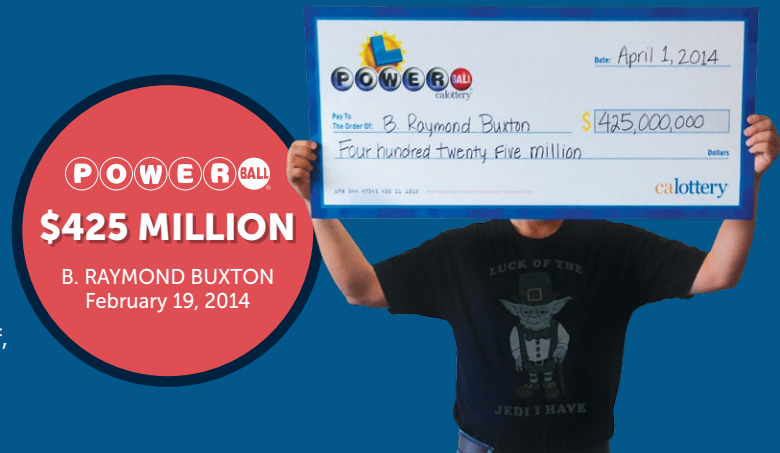
It took nearly a month and a half of speculation and suspense, but on April 1, 2014, we finally knew who had won the largest jackpot in California Lottery history! It was no April Fools' Day joke, but B. Raymond Buxton is quite the character, so he admitted he purposely chose that day to come forward to claim his massive \$425.3 million *Powerball* jackpot fortune. He showed up at Lottery Headquarters in Sacramento wearing a shirt that featured a picture of Yoda and read "Luck of the Jedi I have."

The Northern California retiree can thank his stomach for the big win. He was getting lunch at Subway, which is located inside the convenience store at Dixon Landing Chevron in Milpitas, when he decided to buy another ticket. Buxton already had a ticket for the February 19, 2014 draw, but the jackpot was so large, he decided to test his luck again. This time he bought a single Quick Pick® ticket and that \$2 investment turned into \$425.3 million!

"'Unbelievable' is all I could muster," Buxton said at the time as he described the moment he found out he hit the jackpot. "I sat in front of the computer for hours in disbelief,

frequently checking and rechecking the numbers across multiple sources. Once the initial shock passed, I couldn't sleep for days!"

Buxton took his time coming forward because he wanted to do things by the book, literally! "While validating the numbers at the (California) Lottery website, I came across the Winner's Handbook and started to put a plan in motion." He started doing his research and said, "It took over a week to solidify legal and financial representation." With a team in place, Buxton claimed his prize and elected to take the cash option of an incredible \$242.2 million before federal taxes!



a whopping
139%

More In Draw Game
Jackpots Were Handed Out
to Lucky Californians

Top **3** Largest Jackpots
FY 2013-14

\$425 MILLION
\$324 MILLION
\$213 MILLION

**LARGEST
JACKPOT**

in California history
February 2014

FIRST CALIFORNIA
Powerball jackpot won
October 2013

"First I was in shock, I couldn't believe it."



"I thought to myself, 'why not?'" Eurico Chin was out for a walk when he approached a San Francisco Safeway and asked himself that simple question – why not? His next thought was equally as simple. "I'm already here, might as well buy one." With that, Chin

walked into the store, bought five *SuperLotto Plus*® Quick Pick® lines and ended up winning \$70 million!

The 41-year-old didn't know he was holding the winning ticket until the day after the May 24, 2014 draw. "I was watching the news and I saw that the winner was on Noriega (Street) and I remembered that I bought the ticket on Noriega," Chin explained. "I thought to myself, 'well, it might be me.'" He quickly hopped online to check his ticket. The winning numbers were 13-11-23-27-29 and the Mega number 10. Chin realized he matched all six numbers on the first line of his ticket.

"First I was in shock, I couldn't believe it. I checked the ticket several times to make sure that I won." Later that night, Chin found himself still in shock and wide awake. To calm himself down he started looking for information on what to do next and how to plan ahead. "You have to plan carefully about what to do with the money."

Chin took his time researching and creating a plan – that's why it took him a month to finally claim his prize. The new multi-millionaire said he planned to invest most of his money. He was also considering splurging on a house or a car. "One step at a time," he said with a laugh.

Chin wasn't working at the time, but said he would probably just retire now. "I think it's (the jackpot) going to bring me a little more comfort." He added, "I won't have to worry about money. And I think that's the main thing."

SuperLotto PLUS
\$70 MILLION

EURICO CHIN
May 24, 2014

Holiday Jackpot Surprise!

SuperLotto PLUS
\$50 MILLION

RACY PEL
December 18, 2013

Racy Pel had been playing the same set of *SuperLotto Plus* numbers for six years! Just one week before Christmas 2013, it paid off with a massive \$50 million holiday jackpot surprise.

The Southern California man used a combination of anniversaries, birthdays and lucky numbers to score his big win, matching all six numbers during the December 18, 2013 draw.

Not only did he win \$50 million on that ticket – amazingly, a second ticket that he bought matched five of six numbers, missing just the Mega number 2, for a \$32,304 win! It is extraordinarily rare that someone wins two large amounts on the same drawing! "I purchase the tickets because the money goes back to the schools," explained Pel, who said he has three children in California public schools.

Pel, who works in the computer networking field, said he planned to buy a new car with his \$50,032,304 in winnings, because his car had a tendency to break down on the way to work. He said he had to wait six days until Christmas Eve to claim his fortune because he couldn't get any time off from work!

Both winning tickets were purchased at Finish Line Food Store in Los Alamitos (Orange County). The win came just one day after one of the two winning tickets for the \$648 million *Mega Millions* jackpot was drawn in San Jose!

"I purchase the tickets because the money goes back to the schools."



"I don't think I'm going to come in today, tomorrow or ever."



When Steve Tran found out that he would be splitting the second largest jackpot in United States history (\$648 million) with another winner in Georgia, he said he phoned his employer and left a message that went something like this: "I'm really sorry boss. I hit the jackpot. I don't think I'm going to come in today, tomorrow or ever." Who can blame him? After all, he'd just won \$324 million!

Once the holidays were over, and after weeks of world-wide coverage about the nearly three quarters of a billion dollar jackpot, Tran showed up late on a Thursday afternoon at the Lottery's Sacramento District Office, seeking as much anonymity as possible. He said he was thrilled watching the story play out in the news, admitting he didn't know at first that the lottery player the nation was looking

for was him! "Everybody was anxious looking for the person," Tran said about the media coverage. He couldn't help but think, "Must be a lucky man!"

Tran purchased five *Mega Millions*® Quick Pick® tickets, including the winner, at Jennifer's Gift Shop in San Jose (owner Thuy Nguyen, pictured left). He said he and his family like to visit San Jose because there is a large Vietnamese community there, plus they can eat and shop. While Tran went on vacation, the lucky ticket sat at home in a pile with a bunch of lottery tickets he'd purchased in other towns while making runs as a delivery driver.

Tran admitted he'd almost forgotten about the December 17, 2013 draw after he returned home exhausted from his trip. However, out of nowhere, he recalls something just clicked! "I woke up in the middle of the night. I remembered, I think I went to San Jose! The (winning ticket) was just sitting in my house, on top of my drawer." Tran chose the cash option, and took home \$173.8 million before federal taxes.



Did you know...

During FY 2013-14, the California Lottery gave away **\$598 million** in *SuperLotto Plus*, *Mega Millions*, and *Powerball*® game prizes. That amount included an exciting **Powerball** draw on August 7, 2013. While no Californian ended up winning the **\$448.4 million** jackpot, a jaw-dropping **NINE** players from our state matched five of six numbers to walk away with **\$289,341** a piece!

TOP 10 LARGEST CALIFORNIA PRIZES FY 2013-14

- 1 **\$425.3 million**, Milpitas, *Powerball*, February 2014
- 2 **\$324 million**, San Jose, *Mega Millions*, December 2013
- 3 **\$213.4 million**, Fresno, *Powerball*, October 2013
- 4 **\$70 million**, San Francisco, *SuperLotto Plus*, May 2014
- 5 **\$60 million**, McClellan, *Powerball*, March 2014
- 6 **\$50 million**, Los Alamitos, *SuperLotto Plus*, December 2013
- 7 **\$36 million**, Beaumont, *SuperLotto Plus*, July 2013
- 8 **\$30 million**, Los Angeles, *Mega Millions*, April 2014
- 9 **\$12 million**, Norwalk, *SuperLotto Plus*, August 2013
- 10 **\$11 million**, San Diego, *SuperLotto Plus*, August 2013

"Oh my goodness!"

It started out as a typical morning of reading the Sunday paper for Guillermo Parga. The routine was the same as always – first thumb through the sports section, and then enjoy some laughs with the funnies. But the smile the comics put on the 63-year-old's face was nothing compared to what would happen next. "I checked the Lottery numbers section. I knew I had (Mega) number one, so I thought at least I got a dollar!" Parga laughed. "And then I saw (that I got) all the numbers and said, 'Oh my goodness!'"

Oh my goodness is right. For a \$5 investment, the Bellflower aircraft machinist hit it big on August 31, 2013, winning the \$12 million SuperLotto Plus® jackpot after correctly picking all six lucky numbers (4-18-24-33-47 and Mega 1). Because it was a Labor Day

holiday weekend, the wait to collect his fortune was especially torturous.

But it was more than worth the wait! "I will probably pay some bills, and then take care of my wife," Parga said. He better! Parga admitted he waited two whole days before he even bothered telling her their bank account was about to balloon to millions of dollars. Evidently it just slipped his mind! "I was so shocked, I forgot to tell her," he laughed. Mrs. Parga said she had no hard feelings!

The winning ticket was purchased at B & H Liquors in Norwalk. This lucky Los Angeles County business cashed in as well, earning a retailer bonus of \$60,000! Not too shabby for a holiday weekend of work behind the counter!



Did you know...

The \$598 non-jackpot draw game prize amount for FY 2013-14 represented an increase of \$136.6 million (nearly 30 percent more) over what was paid out for the SuperLotto Plus, Mega Millions and Powerball® games during all of FY 2012-13!

"I just couldn't believe it!"

Talk about the ultimate trick-or-treat! At the time, with Halloween 2013 just around the corner, it was only fitting that the Lottery gave away a scary, even hair-raising amount of money! Turns out the October 23, 2013 Powerball draw was also historic! The huge \$213.4 million jackpot that Carlo "Carl" Mitchell won in Fresno was also the very first Powerball jackpot won in California. (The Golden State began participating in Powerball on April 8, 2013).

Despite the incredible amount of cash that Mitchell ended up winning, he said he was calm through the entire process! His winning numbers: 3-23-31-34-47 and 13 are the same numbers he plays weekly for each of the Lottery's three big jackpot games. "These numbers are random, common, lucky numbers I play all the time," Mitchell explained.

Mitchell's wife of 27 years wasn't quite as calm when she found out the good news! She was outside receiving a delivery of furniture when her husband found out he won. It's a good thing they'd just taken receipt of a new sofa on the front lawn. Why you ask? "Because I fainted, I blacked out right there on the couch," she explained with a \$213 million grin on her face. "I just couldn't believe it!"

Mitchell purchased his lucky ticket at the Fast N Easy on E. Shields Avenue in Fresno, which also received a \$1 million retailer bonus for selling the winning ticket. The Mitchells said they planned to donate to their church, help their family and possibly buy a vacation home on the California coast with their cash.



Looking Ahead



FY 2014–15 AT THE CALIFORNIA LOTTERY

The Lottery had another record-breaking year of sales FY 2013–14. To continue to grow and reach new heights, we're looking at every aspect of our business to see where we can improve practices and be even more efficient and effective.

Looking ahead to FY 2014–15, a number of areas of focus have been discussed that should help us meet all our sales goals.

In June 2013, the California Lottery Commission approved a new three-year Strategic Growth Plan for the California Lottery. Included in that plan are a number of different areas where the Lottery can achieve growth, and thus, contribute even more supplemental dollars to California public schools and universities. Among the items we'll focus on in the coming fiscal year:



Joining a
**new national
lottery game**



Enhanced
business analytics



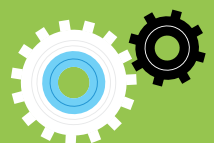
Expansion of the
**Lottery's Corporate
Social Responsibility
Program** and moving
toward a **Level Four
Certification** from the
World Lottery Association

A well thought-out
& aggressive **retailer
recruitment plan**



Building on our
social media efforts
to strengthen our status
as the **most popular
Lottery in the nation**

Other **upgrades to
various departments**
and systems
within the
Lottery.



**More events and
promotions** to help
attract new players and
retain existing players

Mission as Message

Delivering on a Promise to Support California Public Schools

LANDMARK LOTTERY FUNDING AMOUNT FOR PUBLIC EDUCATION

Talk about teamwork! Our sole mission is to generate funds to help support California public schools. YOU helped us reach an incredible milestone. Tremendous sales mean we also contributed a new record amount of funding toward public education in our state. Let's break it down. Your California Lottery generated (\$1.35 billion) in supplemental funds during FY 2013-14 alone! This marks the 14th year in a row we've been able to contribute a billion dollars or more toward education. One can credit several major factors for this success including steady Scratchers® sales, our first full year of Powerball® and several jackpot rolls which boosted the excitement. Our big Lottery story doesn't end there!

TRUE IMPACT

To fully appreciate the impact of California Lottery funding support, you must understand what it really is. Lottery funding is not and was never meant to be the sole source of funding for education in our state. Believe it or not, the amount generated for public schools represents about one percent of public education's overall state budget. Think of it as sort of a side job one might have to supplement their primary income. While a billion dollars is impressive, Lottery supplemental funding is then divided between every school district and jurisdiction in our state – more than 1,100 in all. That includes K-12, community colleges, UC, CSU and other specialized districts. While at the end of the day this may be a modest amount of money, teachers and administrators tell us the unrestricted money sure does go a long way!



Our sole mission is to generate funds to help support California public schools.

SEEING IS BELIEVING

One of the greatest attributes of Lottery funding is that it allows for substantial local control. It's not the biggest piece of the funding pie for any school or district, but it is the most flexible.

To illustrate this point, we actually visit neighborhood campuses throughout the state to videotape how they put this limited funding to use. In addition to purchasing reading and language programs,

Dehesa School in El Cajon has used its Lottery funding to buy school supplies for its students. Yes, the essentials like paper, crayons and

scissors. Other schools have used their Lottery money

to purchase workbooks, computers, and even an airplane! Older kids benefit as well. Would you believe Monterey High School used some of its Lottery funding to help purchase computers and carports? Seems weird, but not to the students attending the school's award-winning Robotics and Auto Mechanics programs. Principal Marcie Plummer understands that people don't really realize how much Lottery funding benefits their children. "I work with my budget every day. So, I just want to let you know that it is absolutely a godsend." She's not the only one. Lissa Gibbs, spokeswoman at Napa Valley College, said the impact of Lottery funding on her campus is pervasive and good. "Anywhere you have that point in contact between student and staff, you're going to see Lottery money."



DISCOVER MORE CALIFORNIA LOTTERY NEWS

You can see a full collection of Education Funding videos in the “Giving Back” section of our website and on the California Lottery’s channel on YouTube. We also encourage you to see how much your school has received from the California Lottery by checking out our “See Where the Money Goes” page. Discover even more! Sign up for our Newsletter, Facebook and Twitter and become the first to learn each time we produce *California Lottery News (CALN)*! Take pride in knowing YOU are the star of this dynamic monthly webcast. Through CALN, we not only showcase the latest Lottery games, lucky winners, unique features and exciting events – but we also promote the diversity of California public schools! We tape the webcast at Lottery Headquarters in Sacramento. However, don’t look for an elaborate studio set-up. The newscast uses the latest in computer-generated graphics to create a simulated background that rivals any multiform news desk you’ve seen on TV. The desire to produce a web-based newscast was driven by the need to find alternative ways to share the Lottery message with the greater public. Sure, we are thrilled when the media carries the story of a jackpot winner, but there is so much more to explore. We want you to know what is going on, and give you

the opportunity to make the most of the California Lottery experience!

Take pride in knowing **YOU** are the **star** of this dynamic **monthly webcast**.



LOTTERY
TV

youtube.com/CaliforniaLottery
calottery.com/happenings/lottery-tv

What Educators Say

“The consistency of the money that comes from the Lottery really allows us to be able to enact bigger ideas and to serve our students as best we can.”



LISSA GIBBS, SPOKESWOMAN
Napa Valley College
Napa, Napa County

“California Lottery funds are used to supply the instructional resources to give our students those individualized experiences that we wouldn’t have without those funds.”

SHANE SCHMEICHEL, ASSISTANT PRINCIPAL

Coronado High School
Coronado, San Diego County



“How to pay for those extra materials, that computer, that software program? Well, that money comes from those very flexible [Lottery] funds.”

PARKER HUDNUT, CEO

ICEF Public Schools,
Los Angeles, Los Angeles County



More Exciting Promotions

THAN EVER IN FY 2013-14

Last year the California Lottery launched more promotions than ever before. We not only launched a bunch of new promotions, but we also introduced new and exciting types of entertainment like an online/mobile game, personalized video messages and even a chance to win a walk-on movie role in a Hollywood film!

SUMMER DREAMIN' SWEEPSTAKES

One of our biggest promotions of the year, without a doubt, was "Summer Dreamin' Sweepstakes."

This promotion allowed California Lottery players to enter their eligible non-winning \$5 Scratchers® tickets for amazing Summer Dreamin' prizes. During the run of the promotion from July 1 through August 25, players entered regional drawings in Los Angeles, San Francisco, Fresno, Sacramento and San Diego for a chance to win prizes specific to their area. To top it off, the promotion offered a chance to win the "Ultimate Golden State Grand Prize," which included a private yacht cruise, VIP concert experience and a walk-on movie role in a Hollywood motion picture! Out of more than one million entries, Long Beach resident Laban Scales was chosen as the lucky winner of the Ultimate Golden State Grand Prize.



GOLDEN GREETING

To kick off the Holidays, the California Lottery started the "Golden Greeting" program on November 25, 2013. The program allowed Lottery players to create a personalized greeting video, or select a pre-made video developed by the CA Lottery, and send it to friends or family. In order to participate, players just had to purchase a California Lottery Scratchers or Draw Game ticket, and pick up a Golden Envelope at a participating Lottery retailer location. They could then scan the QR code located on the back of the envelope with their mobile device using a QR code reading app. That QR code takes players to the Lottery's Golden Greeting website where they can select "give a greeting." Golden Greeting recipients also had the option to "share" their greeting using the social networking links provided. The Golden Greeting program was extended indefinitely, so it was also available for players to send greetings during Valentine's Day and St. Patrick's Day.



LADY LUCK'S CHALLENGE

FY 2013-14 also saw the much-anticipated return of Lady Luck. And to help Lady Luck promote the *California Black Exclusive* Scratchers ticket, we introduced "Lady Luck's Challenge." This was a fun online and mobile-friendly matching game that also tested your memory with increasing levels of difficulty. No purchase was necessary in order to play, but as a special treat for players with non-winning tickets, Lady Luck's Challenge gave players an extra code to enter for a



FY 2013-14 was **JAM-PACKED** with exciting **NEW PROMOTIONS, GAMES AND PRIZES.**

Next year should be no exception, so be on the lookout for **NEW PROMOTIONS** to come!

chance to win the \$1 Million 2nd Chance End of Game Top Prize! As if the game wasn't enough to keep players entertained, we also had a slew of *California Black Exclusive* events all across the state. At these events, players who spent \$10 on Lottery products could spin the Lottery wheel for a chance at more prizes.

#IDESERVECHOCOLATE

Do you deserve chocolate? Well for one month, we gave California Lottery players an opportunity to show us and tell us why. From January 5 through February 2, 2014, we held the #IDeserveChocolate promotion on Twitter in order to help promote our \$2 *Chocolate* Scratchers game. Participants were asked to snap and tweet a photo with a *Chocolate* Scratchers ticket and tell us why they deserved an entire pack by tweeting #IDeserveChocolate to @calottery on Twitter. At the end of the promotion, Alex Leija of Hollister was randomly chosen as the lucky winner of an entire pack of \$2 *Chocolate* Scratchers tickets.

The California Lottery is always working on creating fun and new ways to entertain and reward our players. As you can see, FY 2013-14 was jam-packed with exciting new promotions, games and prizes. Next year should be no exception, so be on the lookout for new promotions to come!



FIRST-EVER \$20 SCRATCHERS GAME

It was an exciting year for Scratchers®, as the California Lottery introduced its first-ever \$20 Scratchers game. The \$5 Million Jackpot game went on sale September 25, 2013 and was quickly embraced by players. In fact, during the first full week of sales, players purchased \$17.2 million worth of \$5 Million Jackpot tickets. That was nearly double the anticipated sales total for the week! Over all, the game generated more than \$390 million in total sales. The net contribution to education was \$36 million.

The \$5 Million Jackpot game, at the time, offered the best overall Scratchers odds to win prizes. In addition, the \$5 million top prize was the largest lump sum cash prize any of our Scratchers ever paid out. It didn't take long for our players to cash in either. Within a month, two big winners who purchased their tickets in San Diego County and Los Angeles County had already claimed the game's top prize. Surely there will be even more to come from this exciting game!



POWERBALL® HELPED CALIFORNIANS

Believe in Something Bigger™

It took a little more than six months, but on **October 23, 2013**, California finally struck it *Powerball* rich! Shortly before 10 p.m., we learned that someone who purchased a lucky ticket in Fresno was the only person in the country to match all six numbers (3-23-31-34-47 and *Powerball* number 13) in that evening's *Powerball* draw to win the staggering \$213.4 million jackpot. California finally had its first *Powerball* winner since officially joining the game on April 8, 2013.

"We have been sitting on the edge of our seats anticipating the day the Golden State would make *Powerball* history, and the moment hasn't disappointed us," said Russ Lopez, Deputy Director of Corporate Communications. "This is exactly the kind of life-changing jackpot that our players crave, which is one of the main reasons we decided to join *Powerball* this past spring. Believe in Something Bigger!"

Four months later on February 19, 2014, B. Raymond Buxton won the state's second *Powerball* jackpot – a mammoth \$425.3 million prize, after the lucky ticket he purchased at Dixon Landing Chevron in Milpitas (Santa Clara County) matched all six winning numbers. He claimed his fortune on April Fools' Day, and showed up at Lottery Headquarters in Sacramento wearing a t-shirt that featured a picture of Yoda on it and read, "Luck of the Jedi I have." It turned out to be the largest jackpot in California Lottery history.

The third and final California-only *Powerball* jackpot of FY 2013-14 was captured on March 1, 2014. Joseph Saxer won \$70 million after the United States Air Force retiree purchased his lucky ticket at Tooley Oil at the McClellan Business Park in Sacramento County. To celebrate, Saxer said he used a buy-one, get-one-free coupon and took his wife to a fast food restaurant for Philly Cheese sandwiches. They even split a soft drink!

The California Lottery's game launch television commercial entitled "Snowflake" drew rave reviews from both world-wide lottery and advertising industry leaders. In fact, the 30-second spot earned a total of 12 awards; the most any California Lottery advertising project has ever won.



Mario Lopez, live at the LA Farmers Market
for the California launch of *Powerball*



"This is exactly the kind of **life-changing jackpot** that our players crave, which is one of the main reasons we decided to join **Powerball** this past spring. **Believe in Something Bigger!**"

RUSS LOPEZ | Deputy Director of Corporate Communications



2013 NASPL AWARDS (OCTOBER)

Hickey Award for Special Events Promotion

Powerball Launch

Batchy Award for Radio Lotto/Spiel Games

Powerball "Day Like Any Other"

Batchy Award for Radio Coordinated Campaign

Powerball

Batchy Award for TV Advertising Instant Games Fortune

55 Scratchers "More Luck for Your Buck"

Batchy Award for TV Advertising Lotto/Spiel Games

Powerball "Snowfall"

Batchy Award for TV Advertising Coordinated Campaign

Powerball "Snowfall"

Batchy Award for Print Retailer Signage/Merchandising

Powerball Point-of-Sale Kit

Batchy Award for Print Advertising Outdoor

Powerball Pole Sign

Batchy Award for Print Advertising Coordinated Campaign

Powerball OOH

Batchy Award for Use of Cinematography

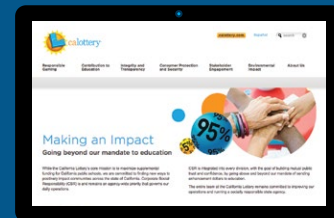
Powerball "Snowfall"

Best of the Batch Award

Powerball "Snowfall"

2014 EFFIE AWARDS (JUNE)

Bronze Effie *Powerball*



Corporate Social Responsibility Website

Selling Lottery tickets isn't the only thing the California Lottery is concerned about. We also value what we do for the community, its businesses, and our public schools. With that in mind the California Lottery proudly launched a website dedicated to its Corporate Social Responsibility (CSR) efforts during FY 2013-14. The California Lottery is the first Lottery in U.S. to have a CSR Website.

The new website, www.californialottery.com, gives users the opportunity to learn more about the Lottery's impact on California public schools, responsible gaming programs and other pillars of our CSR program. "The site provides our players and stakeholders with information as to who we are outside of the products we offer," said Paula Negrete, Deputy Director of External Affairs.

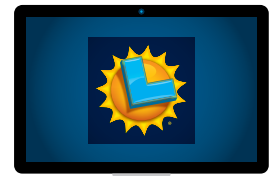
Avoiding Lottery Scams

In an effort to help our players avoid being victims of scams, the California Lottery produced a pamphlet with information on how to avoid being scammed, as well as what to do if you or someone you know may be the victim of a scam. The pamphlet was designed in response to growing concerns over the rise of both traditional lottery scams (using phone calls and letters), as well as newer scams that target victims using email and social media.

The pamphlet can be picked up at most California Lottery retailers. A printable PDF version of the pamphlet along with scam videos and other helpful information can be found at calottery.com/scams



Digital Media Program Update



From smart devices to social sharing, digital media is a significant driver of how people connect today. In FY 2012-13, the California Lottery launched an effort to improve usage of the internet and digital communication. This multi-divisional effort addressed several areas, including Lottery relationships and limited advertising budgets to help maximize supplemental funding to California public schools.

RANKED FIRST IN SOCIAL MEDIA

The California Lottery maintained its position as the number-one lottery in social media reach across Facebook, Twitter and YouTube in the United States. This accomplishment is due in large part to a series of successful social media promotions and a stream of video content showcasing big winners. Highlights include the “Believe” microsite (calottery.com/dream) which encouraged people to share their life dreams through Twitter, and the launch of California Lottery News, a monthly YouTube webcast about all things Lottery.

We’re also proud to note that the number of California Lottery YouTube subscribers grew by 99.9%, enabling us to better distribute information on the internet about Lottery activities in a cost-effective manner.

INTRODUCTION OF THE OFFICIAL LOTTERY IOS APP

Players can now use their smart phones to get official California Lottery results for nearly all draw games and find retailers selling Scratchers®, Hot Spot® and Jackpot games. With the app, lucky winners are now only a finger tap away from customer service and locating Lottery District Offices. The app can be located by searching “California Lottery Official” in the Apple App Store. An Android version was released October 2014.

UPGRADES TO 2ND CHANCE

The Lottery’s 2nd Chance Program received some much sought-after upgrades in FY 2013-14, which make managing ticket code submissions easier for players hoping to hit it big with non-winning Lottery tickets. Helpful system upgrades now give users the ability to submit 10 ticket codes at one time, see their total ticket code submissions in real-time, and navigate the 2nd Chance interface with ease. Backend upgrades were also made to improve the reliability and security of the system.



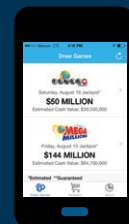
End of Year California Lottery Social Media Stats (as of June 30, 2014)

YouTube subscribers
GREW BY 99.9%

#1

LOTTERY IN SOCIAL MEDIA

REACH ACROSS FACEBOOK,
TWITTER AND YOUTUBE IN
THE UNITED STATES



OFFICIAL
**LOTTERY
IOS APP**



**2ND
CHANCE**
SYSTEM UPGRADED



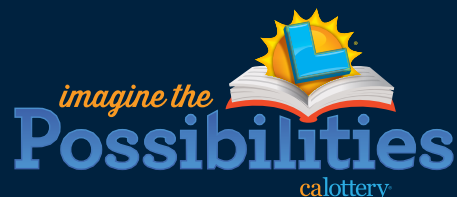
Our Mission

The California Lottery's mission is to maximize supplemental funding for public education.

WE STARTED A NEW RE-IMAGE CAMPAIGN CALLED *Possibilities* TO BETTER POSITION THE CALIFORNIA LOTTERY'S MISSION MESSAGE.

Part of this effort during FY 2013-14 was to design a new logo specific to our corporate image in relation to our sole beneficiary. We believe that with a good education, caring teachers, committed administrators, active parents and exceptional students, every California public school student can realize their dreams. Add all the critical supplies needed to learn in a positive, safe environment and the **Possibilities** are endless – whether you want to be a scientist, a small business owner, a firefighter or even a teacher – a good education is the gateway to success.

The California Lottery will continue to further develop this message, which is intended to introduce the many non-sales aspects of the organization, reconnect with the public regarding our Mission and use various media for outreach efforts, including but not limited to, a commercial-quality video.





IMPORTANT PHONE NUMBERS

Customer Service

1-800-LOTTERY
TDD 1-855-591-5776

Corporate Communications

(916) 822-8131

DISTRICT OFFICES

San Francisco

(650) 875-2200

Sacramento

(916) 830-0292

East Bay

(510) 670-4630

Central Valley

(559) 449-2430

Van Nuys

(818) 901-5006

Inland Empire

(909) 806-4126

Santa Fe Springs

(562) 906-6356

Santa Ana

(714) 708-0540

San Diego

(858) 492-1700

The California Lottery helps fund a toll-free helpline for individuals, providing counseling and assistance for problem gambling through the California Office of Problem Gambling.

PROBLEM GAMBLING HELPLINE

1-800-GAMBLER

CALIFORNIA LOTTERY

700 North 10th Street
Sacramento, CA 95811

www.calottery.com

www.californialottery.com



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youtube.com/californialottery



linkedin.com/company/california-state-lottery



instagram.com/calottery



calottery.com/happenings/lottery-tv